

OFFICE OF THE GOVERNOR  
**COMMONWEALTH OF MASSACHUSETTS**  
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**DEVAL L. PATRICK**  
GOVERNOR

**TIMOTHY P. MURRAY**  
LIEUTENANT GOVERNOR

**By His Excellency**

**DEVAL L. PATRICK**  
GOVERNOR

**EXECUTIVE ORDER NO. 514**

**PROVIDING FOR THE ALLOCATION OF VOLUME CAP  
FOR RECOVERY ZONE BONDS**

WHEREAS, Sections 1400U-1 and 1400U-2 of the Internal Revenue Code of 1986, as amended (the "Code"), as added by Section 1401 of Title 1 of Division B of the American Recovery and Reinvestment Act of 2009 ("ARRA"), authorize state and local governments to issue bonds ("Recovery Zone Economic Development Bonds") to finance expenditures for purposes of promoting economic activity ("Qualified Economic Development Purposes") within or attributable to recovery zones ("Recovery Zones") designated by the issuer of such Recovery Zone Economic Development Bonds;

WHEREAS, Section 1400U-1 through 1400U-3 of the Code further authorize state and local governments to issue bonds ("Recovery Zone Facility Bonds" and, together with Recovery Zone Economic Development Bonds, "Recovery Zone Bonds") to finance property ("Recovery Zone Facilities") used in or attributable to the active conduct of a trade or business in a Recovery Zone;

WHEREAS, Recovery Zone Bonds are a significant resource to the

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Commonwealth to stimulate economic activity, increase employment opportunities and mitigate the harmful effects of the national recession in areas with significant poverty, unemployment, rate of home foreclosures or general distress, among other criteria set forth in Section 1400U-1(b);

WHEREAS, Section 1400U-1 of the Code imposes a national bond volume limitation (“Recovery Zone Volume Cap”) on the issuance of Recovery Zone Bonds which is allocated among the states and among counties and large municipalities within the states based on relative declines in employment in 2008;

WHEREAS, Massachusetts counties (each a “County”) and municipalities with a population in excess of 100,000 (each a “Large Municipality”) have received allocations of Recovery Zone Volume Cap for Recovery Zone Economic Development Bonds in the aggregate amount of \$222,676,000 and Recovery Zone Volume Cap for Recovery Zone Facility Bonds in the aggregate amount of \$334,013,000;

WHEREAS, the Recovery Zone Volume Cap for Recovery Zone Economic Development Bonds and for Recovery Zone Facility Bonds has been allocated to the Counties and Large Municipalities in the Commonwealth in the amounts set forth in Exhibit A;

WHEREAS, Sections 1400U-2 and 1400U-3 of the Code further provide that all Recovery Zone Bonds must be issued prior to January 1, 2011, and, by virtue of such requirement, it is imperative that the Recovery Zones in the Commonwealth be designated, and Qualified Economic Development Purposes and Recovery Zone Facilities be identified, as soon as possible in order to assure that the resources provided by Recovery Zone Bonds are utilized in the Commonwealth prior to that date;

WHEREAS, Section 1400U-1(b) of the Code provides, in part, that a Recovery Zone can be any area having significant poverty, unemployment, rate of home foreclosures or general distress, among other criteria;

WHEREAS, the Economic Assistance Coordinating Council has heretofore approved the designation of economic target areas (each an “ETA”) throughout the Commonwealth, which ETAs satisfy the requirements for designation as Recovery Zones;

WHEREAS, Section 1400U-1(a) (3) (A) of the Code and Notice 2009-50 issued by the Internal Revenue Service on June 12, 2009 (the “Notice”)

provide that any County or Large Municipality may waive any portion of its Recovery Zone Volume Cap to the Commonwealth and upon such waiver the Commonwealth is authorized to reallocate the waived Recovery Zone Volume Cap in any reasonable manner as it shall determine in good faith in its discretion;

WHEREAS, the Notice provides that in the event a County or Large Municipality does not possess substantial taxing, eminent domain and police powers (an “Inactive Jurisdiction”) any entity the jurisdiction of which includes such County or Large Municipality, including the Commonwealth, may issue and designate Recovery Zone Bonds on behalf of such County or Large Municipality;

WHEREAS, Berkshire, Essex, Franklin, Hampden, Hampshire, Middlesex and Worcester counties (the “Abolished Counties”) have been abolished by the General Court and no longer possess the foregoing powers;

WHEREAS, a county or large municipality that is neither an Inactive Jurisdiction nor an Abolished County shall be referred to herein as either an “Active County” or an “Active Large Municipality”;

WHEREAS, the Commonwealth has been authorized by general and special laws heretofore enacted to issue bonds to finance projects and purposes which may constitute Qualified Economic Development Purposes; and

WHEREAS, the Massachusetts Development Finance Agency (“MassDevelopment”) is authorized to issue bonds pursuant to Chapter 23G of the General Laws to finance projects which constitute Recovery Zone Facilities;

NOW, THEREFORE, I, Deval Patrick, Governor of the Commonwealth, by virtue of the authority vested in me by the Constitution, Part 2, c. 2, § 1, Art. I, do hereby certify and determine as follows:

1. The ETAs are hereby designated as Recovery Zones for purposes of Sections 1400U-1 through 1400U-3 of the Code. This designation shall pertain to any Recovery Zone Bonds issued by the Commonwealth. The Secretary of the Executive Office for Administration and Finance (“A&F”), in concert with the Secretary of the Executive Office of Housing and Economic Development (“EOHED”), may also designate additional

Recovery Zones for Recovery Zone Bonds issued by the Commonwealth consistent with the requirements of Section 1400U-1(b) of the Code. The ETAs and any further Recovery Zones designated by A&F and EOHEd shall also pertain to any Recovery Zone Bonds issued by any issuer qualified to issue such bonds under federal tax law, including MassDevelopment or any County, Large Municipality which was a recipient of Recovery Zone Volume Cap, subject to ratification of such designation by such issuer. With respect to any Recovery Zone Facility Bonds not issued by a County or Large Municipality, the Commonwealth expects such bonds to be primarily issued by MassDevelopment.

2. The Recovery Zone Volume Cap allocated to the Abolished Counties and to any other Inactive Jurisdiction is hereby deemed waived to the Commonwealth in accordance with Section 1400U-1(b) of the Code and the Notice.

3. In addition, to ensure that the state does not lose available Recovery Zone Bond funds, the Secretary of A&F shall seek affirmative waivers to the Commonwealth from Active Counties and Active Large Municipalities of any Recovery Zone Volume Cap allocated to such Counties or Large Municipalities that A&F and EOHEd determines has not been allocated to Qualified Economic Development Purposes or Recovery Zone Facilities by December 31, 2009. The Secretary of A&F shall also seek affirmative waivers to the Commonwealth of all Recovery Zone Volume Cap from Active Counties or Active Large Municipalities that they determine has not been allocated to Recovery Zone Bonds issued by or on behalf of such Counties or Large Municipalities by March 31, 2010.

4. All Recovery Zone Volume Cap that is deemed waived to the Commonwealth pursuant to paragraph 2 of this Order or that is affirmatively waived to the Commonwealth by an Active County or Active Large Municipality is hereby assigned to A&F. A&F, in concert with EOHEd, may reallocate all or any portion of such Recovery Zone Volume Cap to such Qualified Economic Development Purposes or to such Recovery Zone Facilities, as applicable, as A&F and EOHEd shall determine to be in the best interests of the Commonwealth; provided however, that in the case of "deemed waivers" under paragraph 2, and prior to March 31, 2010, the waived proceeds must be allocated to eligible costs for Qualified Economic Development Purposes or Recovery Zone Facilities, as applicable, that is located within, or attributable to, both the jurisdiction of the issuer of the bonds and the jurisdiction of the Abolished County or Inactive Jurisdiction

that received the volume cap allocation under §1400U-1(a)(3)(A). All Recovery Zone Economic Development Bonds issued under any reallocations shall be issued by the Commonwealth or by such other issuer as A&F shall approve. All Recovery Zone Facility Bonds issued under any such reallocation shall be issued by MassDevelopment or by such other issuer as A&F shall approve. All reallocations of Recovery Zone Volume Cap by A&F shall be consistent with and pursuant to Sections 1400U-1 through 1400U-3 of the Code, the Notice and this Executive Order.

5. Each reallocation of Recovery Zone Volume Cap made by A&F shall be in writing, shall be made for specific Qualified Economic Development Purposes or Recovery Zone Facilities, as applicable, and shall specify the date on or before which the Recovery Zone Bonds to which such reallocated Recovery Zone Volume Cap pertains shall be issued in order for the allocation to be effective. Allocations may be made subject to those conditions that A&F, in concert with EOHD, deems appropriate and consistent with this Executive Order.

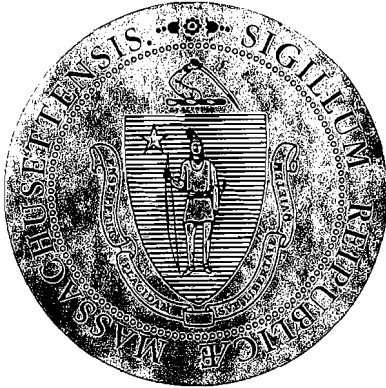
6. The Secretary of A&F or the Secretary's designee is authorized to make all representations, file all documents and take all other actions in the name and on behalf of A&F as may be required for compliance with Sections 1400U-1 through 1400U-3 of the Code and to implement this order. In the event that responsibilities under this Executive Order are assigned to MassDevelopment or to any other issuer of Recovery Zone Bonds, appropriate provisions for designations shall be made by the Secretary of A&F. All designations made pursuant to this section shall be evidenced in writing.

7. A&F and EOHD shall make reasonably available to the public information as to the amount of the Recovery Zone Volume Cap allocated to the Commonwealth and to any County or Large Municipality that has not yet been reallocated to Qualified Economic Development Purposes or Recovery Zone Facilities, as applicable, and the expiration dates for all reallocations by A&F, and shall confirm, upon request, an allocation of the Recovery Zone Volume Cap to a particular Qualified Economic Development Purposes or Recovery Zone Facilities, as applicable, and the duration thereof.

8. Prior to making any allocations of Recovery Zone Volume Cap, A&F or EOHD shall adopt guidelines governing the allocation and reallocation of Recovery Zone Volume Cap by the Commonwealth.

9. This order shall be effective as of the date hereof and shall remain effective until its termination as a matter of Federal Tax Law.

Given at the Executive Chamber in  
Boston this 14<sup>th</sup> day of *October*  
in the year two thousand and nine and of the  
Independence Of the United States, two  
hundred and thirty-four.



A handwritten signature in black ink, appearing to read "Deval L. Patrick", written over a horizontal line.

DEVAL L. PATRICK  
GOVERNOR  
Commonwealth of Massachusetts

A handwritten signature in black ink, appearing to read "William Francis Galvin", written over a horizontal line.

WILLIAM FRANCIS GALVIN  
Secretary of the Commonwealth

**GOD SAVE THE COMMONWEALTH OF MASSACHUSETTS**

## Exhibit A

### Recovery Zone Volume Cap

	<u>RZEDB</u>	<u>RZFB</u>
Massachusetts	222,676,000	334,013,000
Boston	17,992,000	26,988,000
Cambridge	3,480,000	5,220,000
Lowell	3,023,000	4,534,000
Springfield	4,644,000	6,966,000
Worcester	5,678,000	8,518,000
	<u>34,817,000</u>	<u>52,226,000</u>
Barnstable	5,702,000	8,554,000
Berkshire	3,817,000	5,725,000
Bristol	26,801,000	40,202,000
Dukes	626,000	938,000
Essex	23,084,000	34,625,000
Franklin	2,469,000	3,704,000
Hampden	11,441,000	17,162,000
Hampshire	6,527,000	9,790,000
Middlesex	40,468,000	60,702,000
Natucket	1,086,000	1,629,000
Norfolk	22,046,000	33,069,000
Plymouth	17,123,000	25,684,000
Suffolk	3,074,000	4,611,000
Worcester	23,595,000	35,392,000
	<u>187,859,000</u>	<u>281,787,000</u>
	<u>222,676,000</u>	<u>334,013,000</u>

\* Allocations for Hampden, Middlesex, Suffolk and Worcester Counties do not include amounts allocated to Springfield, Cambridge, Lowell, Boston, and Worcester, respectively.